

# Green Marketing Practice In Purchasing Decision Home Care Product

Syahnur Said, Ackhriansyah Ahmad Gani, Rezky Ratnasari Taufan, M Haerdiansyah Syahnur, Jafar Basalamah

**Abstract:** This study aims to explain the effect of green marketing on buying interest and purchasing decisions on personal and home care products commonly used in daily activities of people in Indonesia. This type of research is explanatory research, in which a survey is conducted on consumers who use products labeled Unilever eco- friendly. The survey used 100 samples of research data with a purposive sampling technique, and it is collected through a questionnaire and online survey that was analyzed using the SEMPLS technique. Finally, the results of the study found that the attribute of environmentally friendly product design (green label) is a variable that dominates the choice of consumers in making purchases. Meanwhile, preference attribute is the attribute having the smallest influence on purchasing decisions. Another fact shows that the variable of price remains the choice of respondents when making a purchase on a product. Future studies are expected to be able to add more variables by using a larger sample size.

**Index Terms:** Green Marketing, Buying Interest, Buying Decision, Personal And Home Care Product

## 1. INTRODUCTION

The data from every study showed that plastic waste has increase at every years, furthermore based on [1] the amount of global plastic waste production from 1950 to 2015 tends to always show an increase. In 1950, world waste production was at 2 million tons per year. While 65 years later, waste production has reached 381 million tons per year. This figure has increased more than 190 times, with an average increase of 5.8 million tons per year. Throughout 2015, waste production, especially in industry, was categorized into a number of types, which mostly came from the plastic packaging product sector reached 146 million tons per year. The next rank is following by waste in the building and construction sector of 65 million tons. The remaining types of waste are textiles, consumer and institutional products, transportation, electronics, and industrial machinery. Today, the development of people's mindset is increasing with the use of various kinds of environmentally friendly products, so that this product (known as eco-friendly) is more commonly found in the community. Then, some companies see an opportunity to innovate and offer something different related to environmentally friendly products to be a competitive advantage against other companies, which is usually called Green Marketing. This "green marketing" strategy is not only to increase product sales of a company, but also this is a form of corporate responsibility for environmental preservation.

- Syahnur Said, Professor, Economic and Business Faculty, Universitas Muslim Indonesia, Makassar, Indonesia
- Ackhriansyah Ahmad Gani, Instructor, Economic and Business Faculty, Universitas Muslim Indonesia, Makassar, Indonesia
- Rezky Ratnasari Taufan, Instructor, Economic and Business Faculty, Universitas Muslim Indonesia, Makassar, Indonesia
- Muh Haerdiansyah Syahnur, Instructor, Economic and Business Faculty, Universitas Muslim Indonesia, Makassar, Indonesia
- Jafar Basalamah, Instructor, Economic and Business Faculty, Universitas Muslim Indonesia, Makassar, Indonesia

Applying this strategy to a company can also help to build their positive image. According to [2], companies will find it easier to claim that they are a company that is friendly to environmental sustainability if they implement a green marketing strategy. The same thing was conveyed [3], that along with the increasing pollution of plastic waste in the environment, the company made efforts to convert packaging materials into materials that are more easily decomposed to the environment. This is commonly known as "Go Green".

The results of research conducted by [4], [5] show that 38.1% of the variation in the purchase decision variable is reflected in the biodegradable, recyclable, source reduction, ozone safe and ozone-friendly, and reuse variables. The results of another study made by the Nielsen Global Survey [6], which has conducted a survey to look at corporate social responsibility, states that more than half the number of global respondents (55%) are willing to pay extra for environmentally friendly products. Furthermore, around 66% of respondents said that they are willing to pay more for products and services coming from companies that are committed to positive social and environmental impacts. Green marketing is also an idea in marketing management oriented towards managing environmentally friendly marketing. It is considered as an innovation that emerged, along with the amount of natural damage caused by the company's production activities, so the company was required to have responsibility for environmental safety. Green marketing is a holistic, strategic responsibility in the management process that identifies, anticipates, satisfies, and satisfies the needs of stakeholders to give rewards without causing harm to humans or nature [7]. [8] Stated that green marketing is also part of the corporate strategy of the whole because they have to apply a conventional marketing mix consisting of products, prices, places or channels of distribution, and promotion. Green marketing mix consists of Green Products, Green Prices, Green Distribution Channels, and Green Promotions.

### Consumer Behavior

[9] Consumer behavior is the study of the way individuals, groups and organizations select, buy, use, and dispose of goods, services, and ideas, or experiences to satisfy their needs and desires.

**Purchase Interest**

Schiffman argues that buying interest is a thought that arises because of a feeling of being interested and wanting to have an expected good or service. According to [10] buying interest can be identified through the following indicators, among others: Transactional interest; Preferential interest; Explorative interest.

**Purchasing Decision**

Purchasing decisions made by consumers is to buy the most preferred product. [11] argues that a purchasing decision is an evaluation process carried out by potential consumers to combine the knowledge who have with a choice of two or more alternative products and choose one of them. Smart companies can understand the factors influencing consumer awareness from outside as well as from within themselves making purchasing decisions. Purchase decision is a decision of a person where he chooses one of several alternative choices and an integration process that combines the attitude of knowledge to evaluate two or more alternative behaviors and choose one of them. [12] According to [9] each purchase decision has a purchase decision structure of six components, namely: 1. Type of product; 2. Product brand; 3. Seller consideration; 4. Number of purchases; 5. Time of purchase; 6. Method of payment.

**2 FRAMEWORK**

Based on the theoretical basis explained earlier, the framework of mind in this study can be as follows;

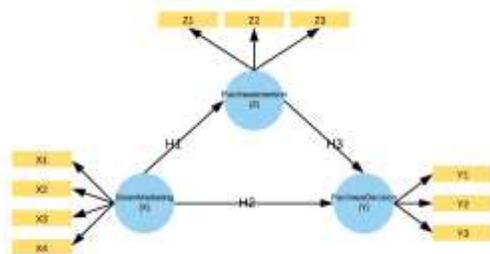


Figure 1 Framework

The hypotheses built in this study are as follows: 1) Green Marketing has a significant effect on buying interest. [13] 2) Green Marketing has a significant effect on Purchasing Decisions. 3) Purchase Interest has a significant effect on Purchasing Decisions.

**3 RESEARCH METHODS**

This research is a causality research that aims to examine the effect of green marketing variables, purchase intention, and purchase decision. In addition, this research also aims to predict and develop theories. Seeing the shape of the model and the number of endogenous variables are more than one, the appropriate analytical technique used is the Structural Equation Model (SEM) based on variants or Partial Least Square (PLS). The type of research used is explanatory research. According to [13] states that explanatory research is research that explains the causal relationship between research variables through hypothesis testing that has been formulated. This research also provides an explanation of the causal relationship between the variable green marketing with the variable purchase interest and purchasing decisions.

The distribution of the research questionnaire was carried out randomly and used the Purposive Sampling technique as the method. Purposive sampling according to [14] it is a sampling method considering certain characteristics and is considered relevant or can represent the object to be studied. Seeing the shape of the model and the number of endogenous variables that are more than one, the analysis technique used is the structural equation model (SEM), based on variants or Partial Least Square (PLS). According to [15] PLS is a variant-based SEM analysis that can simultaneously test measurement models as well as structural model testing. The use of PLS-based SEM is the same as the use of multiple linear regression, namely maximizing the variance explained in endogenous latent variables (dependent variable) with additional analysis namely the assessment of data quality based on the characteristics of the measurement model. The PLS evaluation model is done by assessing the outer model and the inner model. Evaluation of the outer model is also called the measurement model evaluation carried out to assess the validity and reliability of the model. Measurement models with reflexive indicators are evaluated with convergent and discriminant validity for latent construct indicators, and through Composite Reliability and Cronbach Alpha for indicator items [16]

Table 1 Assessment Criteria for Convergent and Discriminant Validity Tests

Validity	Parameter	Assessment Criteria
Convergent Validity	Loading Factor	>0,70
	Average Variance Extracted	>0,50
Discriminant Validity	Cross Loading	Expected that each block indicators has a higher loading for each latent variable measured than the indicator for other latent variables.
	AVE Root and Correlation Between Latent Construction	AVE Root > Correlation between latent constructs.

Reliability tests are carried out to prove the accuracy, consistency, and accuracy of the instrument in measuring constructs. The reliability test of a construct with reflexive indicators can be done in two ways, namely Composite Reliability and Cronbach's Alpha. The assessment criteria for construct reliability tests with reflexive indicators can be seen in the following table:

Table 2 Constructive Reliability Test Assessment Criteria

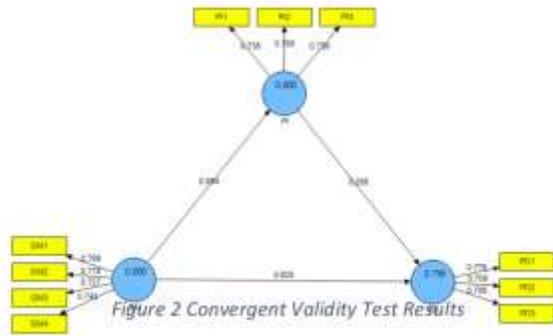
Parameter	Assessment Criteria
Composite Realiability	>0,6-
Cronbach Alpha	>0,70

**4 RESULTS AND DISCUSSION**

**4.1 Convergent Validity Test**

Evaluation of construct validity is done by calculating convergent validity and discriminant validity. Convergent validity is known through loading factors, and an instrument is said to meet the convergent validity test if it has a loading factor above 0.7.

The results of convergent validity testing are presented in the following table:



Meanwhile, the result of convergent validity test is shown below;

**Table 3 Table of Convergent Validity Test Results**

Outer Loadings	Original Sample (O)	Sample Mean (M)	.Standard Deviation (STDEV)
GM1 <- GM	0,7985	0,8014	0,0301
GM2 <- GM	0,7779	0,7714	0,0421
GM3 <- GM	0,7268	0,7253	0,0427
GM4 <- GM	0,7417	0,7388	0,0698
PD1 <- PD	0,7752	0,7781	0,0384
PD2 <- PD	0,7078	0,7089	0,0442
PD3 <- PD	0,7865	0,7799	0,0401
PI1 <- PI	0,7345	0,7383	0,036
PI2 <- PI	0,7884	0,7829	0,038
PI3 <- PI	0,7387	0,7375	0,0417

Based on the above table, it can be seen that all items or indicators that measure green marketing, purchase intention, and purchase decision variables are greater than 0.7. Thus, these items are declared valid to measure the variables.

**4.2 Discriminant Validity Testing**

Discriminant validity is calculated using cross loading with the criterion that if the loading value of an item in a corresponding variable is greater than the value of loading an item in another variable then the item is declared valid in measuring the corresponding variable.

**Table 4 Results of Discriminant Validity**

	GM	PD	PI
GM1	0,7985	0,5416	0,7341
GM2	0,7779	0,5962	0,5716
GM3	0,7268	0,6108	0,5639
GM4	0,7417	0,6596	0,6269
PD1	0,641	0,7752	0,6521
PD2	0,6656	0,7078	0,6311
PD3	0,6459	0,7865	0,582
PI1	0,7262	0,5341	0,7345
PI2	0,6813	0,5398	0,7884
PI3	0,5983	0,5603	0,7387

Based on the cross loading measurements in the above table, it can be seen that all items that measure green marketing, purchase decision, and purchase intention variables produce a loading value that is greater than the loading value on other variables. So, it can be stated that each indicator is able to measure latent variables that correspond to these items.

**4.3 Discriminant Reliability Testing**

Calculations that can be used to test construct reliability are discriminant reliability (AVE), cronbach alpha and composite reliability. Test criteria state that if discriminant reliability (AVE) is greater than 0.5, Cronbach alpha is greater than 0.6 and composite reliability is greater than 0.7, the construct is declared reliable. The results of discriminant reliability calculation (AVE), cronbach alpha and composite reliability can be seen through the summary presented in the following table;

**Table 5 Results of Discriminant Reliability**

	AVE	Composite Reliability	Cronbach Alpha
GM	0,5803	0,8467	0,7589
PD (R1)	0,5735	0,801	0,7265
PI (R2)	0,569	0,7982	0,7244

Based on the table above, the value of discriminant reliability (AVE) on green marketing variables is 0.5803, the purchase decision variable is 0.5735, the purchase intention variable is 0.569. These results indicate a value greater than 0.5, so all items are declared reliable in measuring their latent variables. Furthermore, the value of composite reliability on the green marketing variable is 0.8467, the purchase decision variable is 0.801, and the purchase intention variable is 0.7982, which results indicate a value greater than 0.7. Thus, all indicators are declared reliable in measuring latent variables. While the value of Cronbach's Alpha on the green marketing variable is 0.7589, the purchase decision variable is 0.7265, and the purchase intention variable is 0.7244. Thus, based on Cronbach's Alpha calculations all sub variables are declared reliable in measuring their latent variables.

**4.4 Direct Effect Testing**

This test is carried out to determine the strength of the influence of exogenous variables on endogenous variables, both directly and indirectly. The direct influence in this study as presented in the following table;

**Table 6 Direct Effect Test**

	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	T Statistics (O/STERR)	Significant
GM -> PD	0,624	0,63	0,1009	6,188	Sig
GM -> PI	0,894	0,896	0,0109	81,767	Sig
PI -> PD	0,264	0,259	0,1016	2,603	Sig

Based on Table 6 above, it can be concluded that Green Marketing (GM) directly influences Purchasing Decisions (PD) and Purchasing Interest (PI); and Purchasing Interest (PI) directly influence Purchasing Decisions (PD). The test results also showed that Green Marketing (GM) had the biggest direct effect on Purchasing Interest (PI), which amounted to 0.8942.

**4.5 Hypothesis Testing**

Hypothesis testing in SEM-PLS explains that a measure of the significance of hypothesis support can be used between the comparison of T-table values and T- statistics. If the T-statistic is higher than the T-table value, it means that the hypothesis is supported or accepted. In this study for 95 percent confidence

level (or 5%; <0.05), the T-table value for the two-tailed hypothesis is > 1.98. The following describes the hypothesis testing in detail in this study:

1. Green Marketing has a significant effect on buying interest. The test results show that Green Marketing has a positive and significant effect on Purchase Interest with a path coefficient of 0.624. This result is significant as indicated by the t- statistic value (6.188) which is greater than the t-table value (1.98). This shows that Green Marketing directly has a significant influence on Buying Interest. Thus, hypothesis 1 is fulfilled.
2. Green Marketing has a significant effect on Purchasing Decisions. The test results show that Green Marketing has a positive and significant effect on Purchasing Decisions with a path coefficient of 0.894. This result is significant as indicated by the t- statistic value (81.767) which is greater than the t- table value (1.98). This shows that Green Marketing directly has a significant influence on Purchasing Decisions. So, hypothesis 2 is proven.
3. Purchase Interest has a significant effect on Purchasing Decisions. The test results show that Buy Interest has a positive and significant effect on Purchase Decisions with a path coefficient of 0.264. This result is significant as indicated by the t-statistic value (2.603) which is greater than the t-table value (1.98). This shows that Direct Purchase Interest has a significant Influence on Purchasing Decisions. Thus, the three hypotheses, that have been proposed, can be fulfilled.

## 5 CONCLUSION

The results showed that all exogenous variables significantly and significantly influenced each endogen variable, namely Purchase Interest and Purchasing Decisions. Green Marketing Variable is an exogenous variable that gives the biggest impact that is equal to 0.894. Whereas, on the endogenous variable of the Purchasing Decision, the Green Marketing variable is the dominant predictor when compared to the Buy Interest variable. Thus, all the hypotheses tested in this study were agreed to and supported previous research. For the measurement of each attribute, it is found that the preference attribute is the smallest (0.708), which influences the purchase decision. This attribute is denoted by the statement of research, "I make the product (Unilever) as the main choice and not a problem with the high price given". From the results obtained, reflecting that in terms of preferences, the results this time show that some consumers still prefer to choose a cheaper price than making green marketing products their first choice. In measuring the attributes that are most powerful in influencing purchasing decisions, green product design gets the greatest value (0.799). This attribute is denoted by the research statement, "The product (Unilever) that I use, has simple packaging, and it can be recycled (eco- label)". So, the conclusion is that Unilever's consumers are aware of the product they choose using simple, recyclable packaging.

## 6 LIMITATIONS AND SUGGESTIONS

In this study only raised the theory of marketing mix, buying interest, and purchasing decisions that were processed using the SEM PLS technique. In subsequent studies it is better to use more complete variables, adjusted for the demographics

and needs of the population and research samples. Then, to implement a green marketing strategy, it is a noble action for the company in preserving the environment. This is also a form of corporate responsibility that should not be ruled out from the company's goal of seeking profit. However, to increase awareness for consumers, companies must be even more intense in proclaiming environmentally friendly products. On the price side, companies should be able to produce environmentally friendly products at more affordable / competitive prices, so that consumers no longer think of using these products.

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